



Danakali

Jun 16th 2015

Danakali on track for Colluli Definitive Feasibility Study in Q3

Danakali Limited (ASX:DNK), formerly South Boulder Mines, has submitted the final tranche of social and environmental baseline assessments for its globally significant Colluli Potash Project to the Eritrean Ministry of Mines and Energy.

These are critical inputs to the Social Environmental Impact Assessment, which is being completed consistent with the Equator Principles.

It will also be used to develop both social and environmental management plans.

The assessment and management plans will be submitted following completion of the Colluli Definitive Feasibility Study (DFS) which is currently estimated to be completed in the third quarter of 2015.

Colluli has an ore reserve of 1.1 billion tonnes at 10% K₂O equivalent and will be developed through a phased approach.

Construction of Phase I processing plant, with an expected capacity of 425,000tpa Sulphate of Potash ("SOP"), could commence in 2016 with production following in 2018.

"We are very happy to have completed and submitted all of the relevant social and environmental baseline work for the Colluli Potash Project," managing director Paul Donaldson said.

"The regular engagement that we have had with the Ministry of Energy and Mines and the Ministry of Land, Water and Environment throughout this process has been highly beneficial, and to date, no material issues have been identified.

"Our Eritrean team in the Asmara office, the specialist in country consultants, our project team in Perth, and the respective members of both the Ministry of Mines and Energy and the Ministry of Land, Water and Environment have worked well together to ensure the necessary work was completed to the required standard well ahead of the completion of the DFS."

Social and Environmental Baseline Assessments

The baseline assessments comprise:

- Hydrometeorology and Climate;
- Oceanography;
- Hydrogeology; and
- Marine Wildlife and Habitat.

Key stakeholders have demonstrated a high level of engagement throughout the process, and representatives of the Ministry of Mines and Energy and the Ministry of Land, Water and Environment have visited the Colluli site over the past two years as the baseline assessment work has progressed.

The overall baseline development and submission process for Colluli has benefited significantly from the transfer of knowledge of previous mining projects in Eritrea.

Price: A\$0.45

Market Cap: A\$78.391M

1 Year Share Price Graph



Share Information

Code: DNK

Listing: ASX

Sector: General Mining

Website: www.danakali.com.au

Company Synopsis:

Danakali (ASX:DNK) formally known as South Boulder Mines is focussed on the world class Colluli Potash Project in Eritrea.

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Feedback has been received from the Ministry of Land, Water and Environment on the baseline reports submitted to date. No material issues have been identified.

Colluli Potash Project

Colluli is a 50/50 joint venture between the Eritrean National Mining Company (ENAMCO) and South Boulder that is strategically located 75 kilometres from the coast, making it one of the most accessible potash deposits globally.

In May, the company delivered a globally significant maiden ore reserve of 1.1 billion tonnes at 10% K₂O equivalent at the Colluli Potash Project in Eritrea.

This contains about 205 million tonnes sulphate of potash (SOP), enough to support a mine life of more than 200 years at modelled production rates.

Adding interest, this Ore Reserve dwarfs many planned and current large scale operations.

It also allows the production of other potash products including potassium magnesium sulphate (SOP-M) and potassium chloride (MOP).

Mineralisation starts at just 16 metres, making the resource amenable to open cut mining methods.

The prefeasibility study completed in February 2015 indicates that the Colluli SOP Project will be in the bottom quartile of production costs.

Analysis

The pieces continue to come together as Danakali progresses its Colluli Potash Project.

Completion of the social and environmental baseline is critical to completion of the Social Environmental Impact Assessment and will also be used to develop both social and environmental management plans.

In addition, the Definitive Feasibility Study remains on track for completion in the third quarter of 2015.

Danakali is well funded with \$9.5 million in cash as at 26th May 2015.

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